



STATE OF MARYLAND
OFFICE OF THE GOVERNOR

LARRY HOGAN
GOVERNOR

July 29, 2015

Senator Brian J. Feldman
Chair, Joint Committee on Federal Relations
James Senate Office Building, Room 104
11 Bladen Street
Annapolis, MD 21401

Delegate Alfred C. Carr, Jr.
Chair, Joint Committee on Federal Relations
House Office Building, Room 222
6 Bladen Street
Annapolis, MD 21401

Dear Chairmen Feldman and Carr:

In March 2015, I wrote a letter to the Senate Finance Committee and the House Energy and Commerce Committee seeking their assistance in addressing a longstanding problem with federal law governing Medicaid reimbursement for substance use and mental health disorders. The issue, which concerns the Institution for Mental Diseases Exclusion (commonly referred to as the “IMD Exclusion”), has come to the attention of my Administration as we launch an all-hands effort to address the heroin and opioid emergency in Maryland.¹

I am writing to request the Joint Committee on Federal Relations’ support in Maryland’s efforts to seek a waiver from the IMD Exclusion.

The IMD Exclusion prohibits Medicaid reimbursement for adults between the ages of 21 and 64 who are receiving services provided in “a hospital, nursing facility, or other institution of more than 16 beds that is primarily engaged in providing diagnosis, treatment, or care of persons with mental diseases, including medical attention, nursing care and treatment of individuals with mental diseases.” Because of this non-payment policy, many Medicaid enrollees with acute psychiatric and addiction treatment needs are referred to hospital emergency departments and general acute care inpatient units, rather than smaller, community-based specialized providers with expertise to care for these individuals.

In order to expand the scope of quality care available to Medicaid enrollees and to allow the State to utilize cost-effective treatment options, Maryland has submitted an amendment to its §1115 HealthChoice demonstration.² If approved by the Centers for Medicare and Medicaid Services (CMS), Maryland would have the ability to reimburse IMDs for the treatment of Medicaid enrollees aged 21-64 with acute

¹ 42 CFR 435.1009(a)(2)

² Section 1115 of the Social Security Act permits the Secretary of Health and Human Services the authority to approve experimental, pilot, or demonstration projects that promote the objectives of the Medicaid and CHIP programs. These demonstrations grant states additional flexibility to design and improve their programs, including evaluating policy approaches to provide not typically covered by Medicaid. It is important to note that these demonstrations must be “budget neutral” to the federal government.

psychiatric and substance-use-related needs and would receive federal matching dollars. A waiver will allow adult Medicaid enrollees to receive services in private IMD facilities that are dedicated to treating their specific needs and will promote access to high-quality, specialized care. Cost savings will be generated at both the state and federal levels by enabling appropriate care in appropriate settings. This alignment of clinical and financial goals makes an IMD waiver advantageous for both payers and beneficiaries.

This waiver amendment has drawn significant support from key stakeholders, including the Maryland Hospital Association, the Maryland Chapter of the National Council of Alcoholism and Drug Dependence, and numerous community providers. Please assist me in securing a waiver to the IMD Exclusion for Maryland by submitting a letter of support to CMS.

A copy of Maryland's waiver application is enclosed for your review along with a one-page summary of the proposal. If you have questions about this issue, please contact Shannon McMahon, Deputy Secretary of Health Care Financing, at (410) 767-5807 or shannon.mcmahon@maryland.gov.

Sincerely,



Larry Hogan
Governor

cc: Senator Roger Manno
Senator Douglas J.J. Peters
Senator Victor R. Ramizez
Senator Jamin B. Raskin
Senator James C. Rosapepe
Senator Stephen M. Waugh
Senator Ronald N. Young
Delegate James W. Gilchrist
Delegate Glen Glass
Delegate Ariana B. Kelly
Delegate Marc A. Korman
Delegate Kirill Reznik
Delegate Alonzo T. Washington
Delegate Christopher R. West
Scott D. Kennedy, DLS Staff
Steven D. McCulloch, DLS Staff
Laura M. Vykol, DLS Staff